

Here are some questions you might have:

- Ryan, do we have money for this thing I want to do?
- How is that that we have so much money in the bank, especially after COVID?
- If we have so much money in the bank, why didn't we give the teachers a raise?
- How does the budget get set anyway, and how good are we at meeting it?
- How will equity tuition change all of this?

I will try to sketch answers to these questions today.

Who are the budgeteers?

- Vidrik Frankfather, our staff accountant.
 - A past CCC parent and board treasurer
 - Has actual accounting expertise
 - Discovered errors in the work done by our contracted accounting firm, suggested that he could do it better as a part-time staff member
 - A great repository of detailed information and historical context
- Edna Tow, our school manager.
 - Also a past CCC parent
 - Collects tuition, pays salaries, processes reimbursements
 - Manages bank accounts and investments
 - A great repository of detailed information and historical context
- Board treasurer (whomever they may be)
 - May not have actual accounting experience
 - May not know a lot of historical context
 - May not have even been present when the last budget was passed
 - Facilitates communication between parents, the board, the teachers, and the staff who actually know what they are doing

What goes into our budget?

Our income is almost all tuition, and our expenses are almost all salaries.

For example, in the 2018-2019 school year:

- Total income was \sim \$594k
 - 91% came from tuition (\sim 2/3 of this came from AM tuition)
- Total expenditures were \sim \$568k
 - 87% went to personnel

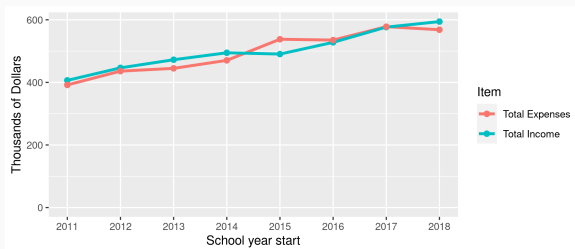
It is difficult to raise teachers' salaries without raising tuition a comparable amount.

This led to the following policy on teacher raises and bonuses (PPM page 28):

"Historically, CCC employed a traditional step scale merit system to raise teacher salaries. ... [H]owever, this system caused a serious financial strain on the school. ... To remain competitive, in 2008 the Board of Directors froze the salaries of several long standing employees and ceased the use of the step scale system to calculate raises. ... Since that time, teachers have had no mechanism to increase their salary, short of a Board of Directors-approved cost of living adjustment. In years of prosperity, teachers should be given a generous share [of any budget surplus] to make up for years when such generosity was not possible."

So how often / how much do we have surpluses?

Budget over time



Between the 2011-2012 and 2018-2019 school years (inclusive):

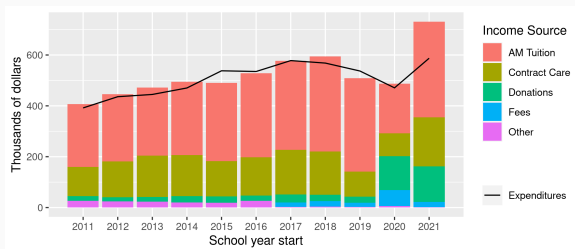
- Actual income ran from \sim \$400k - \$600k
- The largest deficit was \$47k (10%), and the largest surplus \$28k (4%)
- Over all these years, the net surplus was \$47k (\sim \$6k or 1.2% / year)
- Typical variability was from a 0.5% loss to 4.5% surplus (IQR)
- We met the budget 63% of the time (5/8)

Story of the \$47k loss: In 2015, a B&G project went over budget, causing the board to mandate increasing the required cash reserve from 10% to 20%. (PPM Article IX)

Vidrik (then treasurer) created a 10-year plan to save the difference.

Enter COVID...

Budget over time



When COVID hit (midway through the 2019-2020 school year):

- We charged normal tuition for 2019-2020
- Tuition dropped off *steeply* 2020-2021 (partial shutdown)
- The shortfall was made up (and then some) from *one-time donations*:
 - Past families
 - Corporate donations
 - Government assistance (e.g. forgiven paychek protection loans)
- As a result, we emerged from COVID19 with a large, one-time surplus.

The surplus first went to the 20% reserve. **Currently, about \$330k remains.**

Why didn't the teachers get a big bonus in 2021? After subtracting one-time donations, the surplus was only ~\$5k, less than 1% of budget.

How to use the surplus?

Big TODO for all of us: Decide what (if anything) to do with this surplus.